

# CROCODILE

## 2012-2013

Crocodile Garments Limited Interim Report | 鱷魚恤有限公司中期報告



## CORPORATE INFORMATION

### Place of Incorporation

Hong Kong

### Board of Directors

#### **Executive Directors**

Lam Kin Ming

*(Chairman and Chief Executive Officer)*

Lam Wai Shan, Vanessa

*(Deputy Chief Executive Officer)*

Lam Kin Ngok, Peter

Lam Kin Hong, Matthew

Wan Yee Hwa, Edward

#### **Non-executive Director**

Lam Suk Ying, Diana

#### **Independent Non-executive Directors**

Yeung Sui Sang

Chow Bing Chiu

Leung Shu Yin, William

#### **Audit Committee**

Leung Shu Yin, William *(Chairman)*

Yeung Sui Sang

Chow Bing Chiu

#### **Remuneration Committee**

Leung Shu Yin, William *(Chairman)*

Yeung Sui Sang

Chow Bing Chiu

Wan Yee Hwa, Edward

#### **Company Secretary**

Ko Ming Kin

#### **Authorised Representatives**

Lam Kin Ming

Lam Wai Shan, Vanessa

#### **Registered Office**

11th Floor

Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon, Hong Kong

#### **Share Registrars and Transfer Office**

Tricor Tengis Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

#### **Independent Auditor**

SHINEWING (HK) CPA Limited

Certified Public Accountants

#### **Solicitors**

Deacons

Reed Smith Richards Butler

Vincent T.K. Cheung, Yap & Co.

#### **Principal Bankers**

Bank of China (Hong Kong) Limited

Chong Hing Bank Limited

China CITIC Bank International Limited

Hang Seng Bank Limited

Industrial and Commercial Bank

of China (Asia) Limited

The Bank of East Asia, Limited

The Hongkong and Shanghai Banking

Corporation Limited

#### **Shares Listing**

##### **Place**

The Main Board of The Stock Exchange of

Hong Kong Limited

#### **Stock Code**

122

#### **Board Lot**

1,000 shares

#### **Website**

[www.crocodile.com.hk](http://www.crocodile.com.hk)

## RESULTS

The board of directors (“**Directors**” and “**Board**”, respectively) of Crocodile Garments Limited (“**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (“**Group**”) for the six months ended 31 January 2013 together with the comparative figures of the last corresponding period as follows:

### Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2013

		Six months ended 31 January	
	Notes	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000 (Restated)
<b>REVENUE</b>	3	<b>267,997</b>	294,074
Cost of sales		(107,019)	(104,768)
Gross profit		<b>160,978</b>	189,306
Fair value gains on investment properties	11	<b>234,146</b>	25,553
Other income	4	<b>30,992</b>	24,261
Selling and distribution expenses		(173,249)	(154,952)
Administrative expenses		(30,926)	(29,521)
Other operating (expenses) income, net		(1,292)	813
Finance costs	5	(1,958)	(615)
Share of profit from an associate		<b>165</b>	626
<b>PROFIT BEFORE INCOME TAX</b>	6	<b>218,856</b>	55,471
Income tax expense	7	(2,791)	(4,919)
<b>PROFIT FOR THE PERIOD</b>		<b>216,065</b>	50,552
<b>OTHER COMPREHENSIVE INCOME: ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>			
Surplus on revaluation of leasehold properties transferred to investment properties		<b>599</b>	—
		<b>216,664</b>	50,552
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>			
Exchange differences arising on translation of foreign operations		<b>3,754</b>	2,236
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>220,418</b>	52,788
<b>EARNINGS PER SHARE</b>			
— Basic (HK cents)	9	<b>23.09</b>	5.40

## Condensed Consolidated Statement of Financial Position

As at 31 January 2013

	Notes	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000 (Restated)
<b>Non-current assets</b>			
Property, plant and equipment	10	68,063	63,588
Investment properties	11	1,125,044	930,700
Construction in progress		47,720	43,197
Land lease prepayments		58,227	19,199
Interest in an associate		22,954	22,540
Rental and utility deposits		25,382	22,407
Deposits for acquisition and construction of property, plant and equipment		2,232	2,196
Deposits for acquisition of an investment property		2,700	—
Deposits for land lease prepayments	12	35,394	34,823
Available-for-sale financial asset		21,374	20,045
Deferred tax assets		1,113	1,862
		<b>1,410,203</b>	<b>1,160,557</b>
<b>Current assets</b>			
Inventories		150,850	99,708
Trade and other receivables, deposits and prepayments	13	130,021	103,964
Amounts due from related companies	19(b)	1	177
Financial assets at fair value through profit and loss		100,789	75,957
Pledged bank deposits		794	42,493
Cash and cash equivalents		82,480	49,651
		<b>464,935</b>	<b>371,950</b>
<b>Current liabilities</b>			
Borrowings	14	296,798	1,648
Margin loan payable		39,007	34,301
Trade and other payables and deposits received	15	104,796	83,584
Amounts due to related companies	19(b)	25,550	801
Tax payable		23,750	21,361
		<b>489,901</b>	<b>141,695</b>
<b>Net current (liabilities) assets</b>		<b>(24,966)</b>	<b>230,255</b>
<b>Total assets less current liabilities</b>		<b>1,385,237</b>	<b>1,390,812</b>
<b>Non-current liabilities</b>			
Borrowings	14	7,039	233,510
Provision for long service payments		3,409	2,952
Deferred tax liabilities		38	17
		<b>10,486</b>	<b>236,479</b>
		<b>1,374,751</b>	<b>1,154,333</b>
<b>Capital and reserves</b>			
Share capital	16	233,936	233,936
Reserves		1,140,815	920,397
		<b>1,374,751</b>	<b>1,154,333</b>

## Consolidated Statement of Changes in Equity

For the six months ended 31 January 2013

	Share capital HK\$'000	Share premium HK\$'000	Exchange fluctuation reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 July 2012 (Audited) and 1 August 2012, as previously reported	233,936	90,749	28,826	109,090	605,111	1,067,712
Change in accounting policy — Adoption of HKAS 12 (amendment)	—	—	—	—	86,621	86,621
At 31 July 2012 (Audited) and 1 August 2012, as restated	233,936	90,749	28,826	109,090	691,732	1,154,333
Total comprehensive income for the period	—	—	3,754	599	216,065	220,418
<b>At 31 January 2013 (Unaudited)</b>	<b>233,936</b>	<b>90,749</b>	<b>32,580</b>	<b>109,689</b>	<b>907,797</b>	<b>1,374,751</b>
At 31 July 2011 (Audited) and 1 August 2011	155,957	168,728	27,467	109,090	533,686	994,928
Change in accounting policy — Adoption of HKAS 12 (amendment)	—	—	—	—	73,372	73,372
At 31 July 2011 (Audited) and 1 August 2011, as restated	155,957	168,728	27,467	109,090	607,058	1,068,300
Total comprehensive income for the period	—	—	2,236	—	50,552	52,788
At 31 January 2012 (Unaudited)	155,957	168,728	29,703	109,090	657,610	1,121,088

## Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2013

	Six months ended	
	31 January	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	<b>(89,148)</b>	(26,127)
Net cash generated from/(used in) investing activities	<b>23,381</b>	(30,343)
Net cash generated from financing activities	<b>98,185</b>	55,971
Net increase/(decrease) in cash and cash equivalents	<b>32,418</b>	(499)
Cash and cash equivalents at the beginning of the period	<b>49,651</b>	80,045
Effect of foreign exchange rate changes	<b>411</b>	577
<b>Cash and cash equivalents at the end of the period</b>	<b>82,480</b>	80,123
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	<b>82,079</b>	69,620
Non-pledged time deposits with original maturity of less than 3 months when acquired	<b>401</b>	10,503
	<b>82,480</b>	80,123

## Notes to the Condensed Consolidated Interim Financial Statements

### (1) *Basis of Preparation*

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated interim financial statements also comply with the Hong Kong Companies Ordinance and the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

These financial statements have been prepared under the historical cost convention, except for certain investment properties and financial instruments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“**HK\$**”) except otherwise indicated.

### (2) *Principal Accounting Policies*

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 July 2012, except for adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) which are generally effective for the current accounting period of the Group.

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In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

#### **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

#### **Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets**

In December 2010, the Hong Kong Institute of Certified Public Accountants amended HKAS 12, “Income taxes”, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

(2) *Principal Accounting Policies* (Continued)

**Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets** (Continued)

The Group has adopted this amendment retrospectively in the current period and the effects of adoption are disclosed as follows.

As disclosed in note 11, the Group has investment properties measured at their fair values totaling HK\$930,700,000 as at 1 August 2012. As required by the amendment, the Group has re-measured retrospectively the deferred tax relating to certain investment properties in Hong Kong on the presumption that they are recovered entirely by sale. The comparative figures for 2012 has been restated to reflect the change in accounting policy, as summarized below.

	As at 31 January 2013 <i>HK\$'000</i>	As at 31 July 2012 <i>HK\$'000</i>
<b>Effect on consolidated balance sheet</b>		
Decrease in deferred tax liabilities	122,163	82,780
Increase in deferred tax assets	1,113	1,862
Increase in interest in an associate	1,979	1,979
Increase in retained earnings	125,255	86,621

	Six months ended	
	31 January 2013 <i>HK\$'000</i>	31 January 2012 <i>HK\$'000</i>
<b>Effect on consolidated statement of comprehensive income</b>		
Decrease in income tax expense	38,634	4,216
Increase in share of profit of an associate	—	83
Increase in consolidated profit attributable to owners of the Company	38,634	4,299
Increase in basic earnings per share	4.13 HK cents	0.46 HK cents

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the interim financial information.

The Group has not early adopted any new or amended standards or interpretations that are not yet effective for this interim period. The adoption of such standards and interpretations in future periods is not expected to result in a material impact to the Group.



**(3) Segment Information**

The Group determines its operating segments based on information reported to the directors of the Company, being the chief operating decision-maker, for the purposes of resources allocation and performance assessment.

The Group has three reportable and operating segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable and operating segments:

- Garment and related accessories business;
- Property investment and letting business; and
- Others

**Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 31 January

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Restated)	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Restated)
Revenue from external customers	255,353	282,036	12,644	12,038	—	—	267,997	294,074
Other revenue from external customers	27,127	23,075	792	456	2,617	—	30,536	23,531
<b>Group's revenue</b>	<b>282,480</b>	305,111	<b>13,436</b>	12,494	<b>2,617</b>	—	<b>298,533</b>	317,605
Reportable segment (loss) profit	(26,605)	19,792	244,350	35,603	2,617	—	220,362	55,395
Unallocated corporate income							456	730
Unallocated corporate expenses							(4)	(39)
Finance costs							(1,958)	(615)
Profit before income tax							218,856	55,471

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

(3) Segment Information (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment (loss) profit represents the profit earned by each segment without allocation of bank interest income, corporate expenses and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets

The following is an analysis of the Group's assets by reportable segment:

	Garment and related accessories business		Property investment and letting business		Others		Total	
	31 January 2013	31 July 2012	31 January 2013	31 July 2012	31 January 2013	31 July 2012	31 January 2013	31 July 2012
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets				(Restated)				(Restated)
Segment assets	472,562	382,651	1,196,026	959,865	100,789	75,957	1,769,377	1,418,473
Unallocated corporate assets							105,761	114,034
Total consolidated assets							1,875,138	1,532,507

For the purpose of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable and operating segments, other than deferred tax asset, available-for-sale financial asset, pledged bank deposits and cash and cash equivalents.

(4) *Other Income*

	Six months ended 31 January	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
<b>Other income</b>		
Royalty income	26,250	21,772
Bank interest income	456	730
Interest income from an associate	249	237
Fair value gain on financial assets at fair value through profit and loss	2,617	372
Others	1,420	1,150
	<b>30,992</b>	<b>24,261</b>

(5) *Finance Costs*

	Six months ended 31 January	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on borrowings		
— wholly repayable within five years	1,883	545
— not wholly repayable within five years	75	70
	<b>1,958</b>	<b>615</b>

(6) *Profit Before Income Tax*

The Group's profit before income tax has been arrived at after charging:

	Six months ended 31 January	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	8,562	7,726
Amortisation of land lease prepayments (included in administrative expense)	212	169
Provision for slow-moving inventories, net	2,981	1,983

(7) **Income Tax Expense**

	Six months ended 31 January	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000 (Restated)
Current tax		
— PRC Enterprise Income Tax	2,022	3,881
— Hong Kong	—	880
Deferred tax	769	158
	<hr/>	
Income tax expense	2,791	4,919

No current Hong Kong Profits Tax has been provided for the six months ended 31 January 2013 as the Group either has unused tax loss available to offset against assessable profits or there was no estimated assessable profit for the period. Hong Kong profit tax was provided at the rate of 16.5% for the six months ended 31 January 2012 on the estimated assessable profits arising in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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(8) **Dividends**

No dividend was paid, declared or proposed during the six months ended 31 January 2013. The directors of the Company do not recommend the payment of an interim dividend (six months ended 31 January 2012: nil).

(9) **Earnings Per Share**

(a) **Basic earnings per share**

The calculation of basic earnings per share for the six months ended 31 January 2013 is based on the consolidated profit attributable to owners of the Company of approximately HK\$216,065,000 (2012 (unaudited): HK\$50,552,000 (as restated)) and the number of ordinary shares of 935,743,695 (2012 (unaudited): the number of ordinary shares of 935,743,695 (as restated)).

(b) **Diluted earnings per share**

Diluted earnings per share amount for the six months ended 31 January 2013 and 2012 has not been presented as no diluting event existed during the period.

**(10) Property, Plant and Equipment**

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
At the beginning of the period/year	<b>63,588</b>	43,961
Additions	<b>8,675</b>	17,654
Depreciation provided for the period/year	<b>(8,562)</b>	(16,105)
Disposals/write-off	<b>(205)</b>	(984)
Transfer from deposits	<b>—</b>	4,826
Transfer from construction in progress	<b>2,172</b>	14,053
Transfer from investment properties	<b>7,100</b>	—
Transfer to investment properties	<b>(5,473)</b>	—
Exchange realignment	<b>768</b>	183
	<b>68,063</b>	63,588

**(11) Investment Properties**

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
At the beginning of the period/year	<b>930,700</b>	791,000
Additions	<b>154</b>	62,573
Transfer from property, plant and equipment and land lease prepayments	<b>10,044</b>	—
Transfer to property, plant and equipment and land lease prepayments	<b>(50,000)</b>	—
Fair value gains	<b>234,146</b>	77,127
	<b>1,125,044</b>	930,700

As at 31 January 2013, the Group's certain investment properties of HK\$1,094,000,000 were pledged to banks to secure the bank loans granted to the Group.

The Group's investment properties were revalued on 31 January 2013 by Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group, at HK\$1,125,044,000 (31 July 2012: HK\$930,700,000) on an open market basis, which has taken into account the market evidence of transaction prices for similar properties in the same location and conditions.

All of the Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

As at 31 January 2013 and 31 July 2012, the investment properties are situated on the land under medium-term land lease in Hong Kong.

(12) *Deposits for Land Lease Prepayment*

With reference to Note 21 — “Deposits for Land Lease Prepayments” to the financial statements for the year ended 31 July 2012 of the Group, the Group was negotiating with the Zhongshan Sanxiang Town local government (the “**Local Government**”) and 中山市宏豐房地產諮詢服務有限公司 (Zhongshan Hong Feng Real Property Consultancy Company Limited\*) (the “**Vendor**”) to obtain the land use right certificate of the piece of land in Mainland China. On the other hand, the Group would assess the recoverability of the deposit paid to the Local Government and Vendor, respectively and consider any impairment loss was necessary in due course.

(13) *Trade and Other Receivables, Deposits and Prepayments*

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Trade receivables	33,893	24,881
Less: Allowance for bad and doubtful debts	(1,598)	(1,141)
	32,295	23,740
Other receivables	48,234	43,618
Deposits and prepayments	49,492	36,606
	<b>130,021</b>	103,964

- (i) Other than cash sales made at retail outlets of the Group, trading terms with wholesale customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the term is extended to 90 days. Each customer has been set with a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

\* Denotes an English translation of a Chinese name for identification only.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

(13) Trade and Other Receivables, Deposits and Prepayments (Continued)

- (ii) An aging analysis of the trade receivables as at the end of reporting period, net of allowance, based on the invoice date is as follows:

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Trade receivables:		
0 to 90 days	23,645	17,042
91 to 180 days	2,653	2,120
181 to 365 days	5,997	4,578
	<b>32,295</b>	<b>23,740</b>

(14) Borrowings

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Bank loans, secured	293,975	234,437
Trust receipt loans, unsecured	9,862	721
	<b>303,837</b>	<b>235,158</b>

	31 January 2013 (Unaudited) HK\$'000	31 July 2012 (Audited) HK\$'000
Carrying amounts repayable:		
On demand or within one year	296,798	1,648
Beyond one year, but not exceeding two years	953	226,944
Beyond two years but not exceeding five years	2,962	2,934
Beyond five years	3,124	3,632
	<b>303,837</b>	<b>235,158</b>
Less: Amount shown under current liabilities	<b>(296,798)</b>	<b>(1,648)</b>
Amount shown under non-current liabilities	<b>7,039</b>	<b>233,510</b>

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

(15) Trade and Other Payables and Deposits Received

An aging analysis of trade payables as at the end of the reporting period, based on the date of receipt of goods and provision of services, and the details of balances of advance from customers, deposits received, other payables and accruals are as follows:

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Trade payables:		
0 to 90 days	<b>45,907</b>	17,488
91 to 180 days	<b>1,828</b>	2,722
181 to 365 days	<b>375</b>	635
Over 365 days	<b>668</b>	636
	<b>48,778</b>	21,481
Advance from customers	<b>12,703</b>	14,957
Deposits received	<b>8,578</b>	7,275
Other payables and accruals	<b>34,737</b>	39,871
	<b>104,796</b>	83,584

The trade payables are normally settled between 30 and 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.



**(16) Share Capital**

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Authorised:		
1,200,000,000 ordinary shares of HK\$0.25 each	<b>300,000</b>	300,000
Issued and fully paid:		
At the beginning of the period/year: 935,743,695 (31 July 2012: 623,829,130) ordinary shares of HK\$0.25 each	<b>233,936</b>	155,957
Bonus shares issued : 311,914,565 ordinary shares of HK\$0.25 each (Note)	—	77,979
At the end of the period/year: 935,743,695 (31 July 2012: 935,743,695) ordinary shares of HK\$0.25 each	<b>233,936</b>	233,936

*Note:*

On 27 March 2012, the Directors recommended a bonus issue of shares to the shareholders of the Company on the basis of one bonus share for every two existing shares of the Company in issue (the "Bonus Share Issue"). The proposed Bonus Share Issue was approved by the shareholders of the Company at the extraordinary general meeting held on 25 May 2012. Immediately after the Bonus Share Issue, the issued share capital of the Company increases to approximately HK\$233,936,000 divided into 935,743,695 ordinary shares of HK\$0.25 each as a result of the issuance of 311,914,565 bonus shares. The bonus shares had been credited as fully paid by way of capitalisation of an amount of approximately HK\$77,979,000 in the share premium account of the Company. The related share issue expenses amounted to approximately HK\$105,000. The bonus issue rank pari passu in all respects with the existing ordinary shares of the Company. Further details of the Bonus Share Issue are set out in the announcement of the Company dated 25 May 2012.

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**(17) Operating Lease Arrangements****(a) As lessor**

At the end of the reporting period, the Group had future minimum lease receivables under non-cancellable operating leases contracted with tenants as follows:

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Within one year	<b>20,260</b>	24,144
In the second to fifth years, inclusive	<b>12,114</b>	3,666
	<b>32,374</b>	27,810

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

(17) *Operating Lease Arrangements* (Continued)

(b) **As lessee**

The Group leases their office properties, warehouses and retail outlets under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Within one year	<b>114,416</b>	109,191
In the second to fifth years, inclusive	<b>109,130</b>	108,070
	<b>223,546</b>	217,261

The operating lease rentals of certain retail shops are charged on the higher of fixed rental or contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales in these retail shops could not be accurately determined at this stage, the relevant contingent rent has not been estimated and included in the analysis above in which only the minimum lease commitments are included.

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(18) *Capital Commitments*

In addition to the operating lease commitments disclosed in Note 17 above, the Group had the following capital commitments at the end of the reporting period:

	<b>31 January 2013 (Unaudited) HK\$'000</b>	31 July 2012 (Audited) HK\$'000
Contracted but not provided for:		
— Land lease prepayments in the PRC	<b>4,285</b>	4,216
— Acquisition and construction of property, plant and equipment in the PRC	<b>7,202</b>	2,476
— Expenditure on shop and office decorations in Hong Kong	<b>3,751</b>	—
— Acquisition of available-for-sale financial asset	<b>9,826</b>	11,155
	<b>25,064</b>	17,847

## (19) Related Party Transactions

## (a) Transactions with related parties

In addition to the transactions and balances as detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended	
		31 January	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Rental expenses and building management fee:			
— Lai Sun Textiles Company Limited	(i)	1,419	1,352
— Lai Sun Development Company Limited	(ii)	1,776	1,674
Rental expenses:			
— 廣州市百淘房地產開發有限公司 (Guangzhou Besto Real Estate Development Company Limited*)	(iii)	1,031	1,015
Interest expenses:			
— 廣州市百淘房地產開發有限公司 (Guangzhou Besto Real Estate Development Company Limited*)	(iv)	339	—
Company secretarial fee:			
— Lai Sun Development Company Limited	(v)	423	297
Car parking expense:			
— Lai Sun Development Company Limited	(vi)	20	20
Royalty income:			
— 廣州麗信化妝品有限公司 (Guangzhou Beautifirm Cosmetic Limited*)	(vii)	369	314
Rental income:			
— Big Honor Asia Limited	(viii)	619	614
Interest income:			
— Mass Energy Limited	(ix)	249	237

\* Denotes an English translation of a Chinese name for identification only.

(19) **Related Party Transactions** (Continued)

(a) **Transactions with related parties** (Continued)

Notes:

- (i) Lai Sun Textiles Company Limited is a company of which certain executive directors of the Company are the beneficial shareholders. The rental expenses and building management fee were charged by this related company pursuant to the terms of the respective lease agreements.
- (ii) Lai Sun Development Company Limited is a company of which certain executive directors of the Company are also its directors. The rental expenses and building management fee were charged by this related company pursuant to the terms of the respective lease agreements.
- (iii) Pursuant to the respective lease agreements, the rental expenses paid or payable by the Group to 廣州市百淘房地產開發有限公司 (Guangzhou Besto Real Estate Development Company Limited\*) constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.
- (iv) 廣州市百淘房地產開發有限公司 (Guangzhou Besto Real Estate Development Company Limited\*) is a company of which certain executive directors of the Company are also its directors. The interest expenses was charged based on the interest rate of 5.6% per annum.
- (v) The company secretarial fee was charged by a related company of which certain executive directors of the Company are also its directors.
- (vi) The car parking expense was charged by a related company of which an executive director of the Company is also its director.
- (vii) The royalty income was received from a related company of which an executive director of the Company is also its director.
- (viii) The rental income was received from a related company of which an executive director of the Company is also its director.
- (ix) The interest income was received from an associate which was charged based on an interest rate of 5% per annum.

The Directors consider that the above transactions are conducted in the ordinary and usual course of the Group's business.

(b) **Outstanding balances with related parties**

Except for the loans from 廣州市百淘房地產開發有限公司 (Guangzhou Besto Real Estate Development Company Limited\*) amounting to RMB20,000,000 (equivalent to HK\$24,800,000 approximately) which were unsecured, interest-bearing at a rate of 5.6% per annum and had fixed terms of repayment, the other balances with related companies were derived from normal business activities and were unsecured, interest-free and repayable on demand.

\* Denotes an English translation of a Chinese name for identification only.

## INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2013 (2012: Nil) to retain the liquidity of the Group in the prevailing harsh business ambience.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

The turnover for the period under review was HK\$267,997,000 (2012: HK\$294,074,000), a decline of 9% over the corresponding period last year and the gross profit of the Group decreased by 15% to HK\$160,978,000 (2012: HK\$189,306,000).

The “Garment and Related Accessories Business” segment has been operating under a very tough environment in both aspects of income and expense in the six months ended 31 January 2013. The short chilly weather in the winter of 2012, together with the sluggish spending of customers, had hampered the sales of the high-end merchandises. The relentless raising of rental expenses upon lease renewals of shops undermined the cost-saving effort of the Group through restructuring its sales network. In these challenging circumstances, the Group has continued to pursue the long-term strategy of enhancing its brand image and value. Leveraged on the celebration of the 60th anniversary, the Group staged a series of marketing activities in the period under review, which successfully positioned “Crocodile” in the limelight.

The “Property Investment and Letting Business” segment remained the stable income contributor to the Group and generated a rental income of HK\$12,644,000 for the six months ended 31 January 2013 (2012: HK\$12,038,000). Attributed to the very thriving property market in Hong Kong, the fair value gains on investment properties as at 31 January 2013 amounted to HK\$234,146,000 (2012: HK\$25,553,000).

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Taking into account the results of the two business segments above with the share of profit of an associated company of HK\$165,000 (2012: HK\$626,000) and the exchange differences arising on translation of foreign operations of HK\$3,754,000 (2012: HK\$2,236,000), the total comprehensive income for the six months ended 31 January 2013 attributable to the owners of the Company was HK\$220,418,000 (2012: HK\$52,788,000).

### Operations in Hong Kong and Macau

The Group has been restructuring the sales network of the “Garment and Related Accessories Business” segment to improve the operation efficiency in view of the hyper rental expenses. It took time for the newly set-up shops to build up the clientele. Moreover, the unpredicted short chilly weather in the winter of 2012 dwindled the sales of high-end fall/winter items. Hence, the revenue dropped by 9% in the six months ended 31 January 2013. As at 31 January 2013, the Group operated 26 shops for Crocodile line (2012: 25) and 8 shops for Lacoste line (2012: 8).

On the other hand, the “Property Investment and Letting Business” segment delivered an encouraging performance. The rental revenue remained steady in the period under review and was HK\$12,644,000 (2012: HK\$12,038,000). The fair value gains on investment properties were HK\$234,146,000 as at 31 January 2013.

### Operations in the Mainland of China (“Mainland”)

The business conditions in the Mainland remained difficult. In the macro-perspective, the economic growth revealed a sign of slowdown which worsened the consumer demand in general. In the micro-perspective, the woes of apparel industry not only came from price competitions of the foreign and local brands, but also from the shopping malls at which the shops of the Group were operating. In order to increase the retail traffic, the shopping mall operators frequently launched steep discounting programs and required all the shops therein to follow. Such measures eroded the profit margins of the Group and also increased the uncertainties in cash flow management. To tide the thorny operation environment, the Group expedited the consolidation process of the sales channels, and adopted a prudent approach to inventory management for self-operated shops and franchisees, to minimize the risk of stock obsolescence.

As at 31 January 2013, there were a total of 249 shops in the Mainland (2012: 297), including self-operated shops of 97 (2012: 93) and those operated by the Group’s franchisees of 152 (2012: 204).

Being the major component of the other income, the royalty income from licensees for the six months ended 31 January 2013 was HK\$26,250,000. The negotiations on renewal of expiring royalty agreements were in orderly progress and it was expected that the royalty income would continue to be the Group’s steady income stream.

### Prospects

The Mainland Government liquidity-easing measures for driving the economic growth seemed to take effect as its economy regained the growth momentum in the 4th quarter of 2012. However, giving the intricate external economic circumstances, it is uncertain this nascent recovery in the Mainland is sustainable.

The new rounds of quantitative easing implemented by the United States, Europe and Japan will possibly trigger spikes in the commodity prices which lead to inflationary pressure. Consequently, the market sentiments of consumer products in Hong Kong and the Mainland will be jeopardized. The spending power of customers will be diminished.

The “Garment and Related Accessories Business” segment, the major cash generator of the Group, is facing a bumpy path ahead. To preserve its vibrancy, the Group has been broadening its revenue base by exploring new business and investment opportunities. Moreover, the Group will remain cautious in cash management so to have a healthy financial position to cater for any unexpected challenges.

### Contingent Liabilities

As at 31 January 2013, the Group had no material contingent liabilities.

**Liquidity, Financial Resources, Foreign Exchange Risk Exposure, Gearing, Charges on Assets and Capital Commitments**

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilize the funding efficiently and to manage the financial risks effectively.

The Group maintains a conservative approach in treasury management by constantly monitoring its interest rates and foreign exchange exposure. Except for financial assets at fair value through profit or loss, available for sale financial assets, letters of credit and trust receipt loans, the Group has not employed other financial instruments for the six months ended 31 January 2013.

The Group mainly earns revenue and incurs cost in Hong Kong dollars, Renminbi and United States dollars. The Group considers the impact of foreign exchange risks is not significant as the Group will consider the foreign exchange effect of the terms of purchase and sale contracts dealt with foreign enterprises and will not bear unforeseeable foreign currency exchange risks.

Cash and cash equivalents held by the Group amounted to HK\$82,480,000 as at 31 January 2013 (31 July 2012: HK\$49,651,000) and were mainly denominated in Hong Kong dollars and Renminbi. The pledged bank deposits of approximately HK\$794,000 (31 July 2012: HK\$42,493,000) represent deposits pledged to banks to secure banking facilities and margin loans and are therefore classified as current assets. The cash and cash equivalent denominated in Renminbi as at 31 January 2013 amounted to HK\$36,484,000 (31 July 2012: HK\$24,778,000) which is not freely convertible into other currencies. However, under the Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies in respect of approved transactions through banks authorized to conduct foreign exchange business.

As at 31 January 2013, the total outstanding borrowings including margin loans of the Group amounted to HK\$342,844,000. The total outstanding borrowings comprised unsecured short-term bank trust receipt loans of HK\$9,862,000, secured bank mortgage loan of HK\$7,975,000, secured margin loans of HK\$39,007,000 and secured short-term bank revolving loans of HK\$286,000,000. Short-term bank loans were repayable within a period not exceeding one year. The secured bank mortgage loan above was repayable by instalments with its current portion of HK\$936,000 repayable within one year and long-term portion of HK\$7,039,000 repayable in the second to eighth years.

The Group is currently arranging a long term refinancing for the above secured short-term bank revolving loans of HK\$286,000,000 in order to have sufficient funding for long term business development.

Interest on bank borrowings is charged at floating rates. All the bank borrowings of the Group are denominated in Hong Kong dollars. No financial instruments for hedging purposes were employed by the Group for the six months ended 31 January 2013.

As at 31 January 2013, the Group had mortgaged certain of its investment properties with carrying values of HK\$1,094,000,000 and created floating charges on its certain assets to its bankers to secure banking facilities granted to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Liquidity, Financial Resources, Foreign Exchange Risk Exposure, Gearing, Charges on Assets and Capital Commitments (Continued)

The Group's gearing was considered to be at a reasonable level, as the debt to equity ratio at 31 January 2013 was 24.9%, expressed as a percentage of total bank borrowings and margin loans payable to total net assets.

As at 31 January 2013, the Group had the capital commitments, contracted but not provided for, in respect of the land lease payments in the Mainland of HK\$4,285,000; acquisition and construction of property, plant and equipment in the Mainland of HK\$7,202,000, expenditure on shop and office decorations in Hong Kong of HK\$3,751,000 and acquisition of available-for-sale financial asset of HK\$9,826,000.

### Major Investments, Acquisitions and Disposals

Except for the acquisition of property as disclosed in the announcement dated 15 November 2012, the Group had no significant investments, material acquisitions or disposals in the six months ended 31 January 2013.

### Employees and Remuneration Policy

The total number of employees of the Group, including part-time sales staff, was 822 as at 31 January 2013 (2012: 897). Pay rates of the employees are largely based on industry practice and the performance of individual employee. In addition to salary and bonus payments, other staff benefits include subsidised medical care, free hospitalisation insurance plans, provident fund benefits, subsidised meals, staff discount on purchases, internal training for sales staff and external training programme subsidies.

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### SHARE OPTION SCHEME

The Company operates a share option scheme ("**Share Option Scheme**") for the purpose of providing incentives or rewards to eligible employees and directors of the Company or its subsidiaries, agents or consultants of members of the Group, and employees of the shareholders or members of the Group or holders of securities issued by members of the Group for their contribution or future contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract personnel who are valuable to the Group. The Share Option Scheme was adopted by the Company on 22 December 2006 and became effective on 29 December 2006 and unless otherwise cancelled or amended, will remain in force for 10 years from the latter date.

During the period under review, no options were exercised, granted or cancelled or lapsed in accordance with the terms of the Share Option Scheme. As at 31 January 2013, there were no share options outstanding under the Share Option Scheme. As at the date of this Report, the Company could grant further options to subscribe for a maximum of 55,010,713 ordinary shares of HK\$0.25 each of the Company ("**Shares**") under the Share Option Scheme, representing approximately 5.88% of the Shares in issue on that date.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**” and “**Listing Rules**”, respectively) throughout the six months ended 31 January 2013 save for the deviations from code provisions A.2.1, A.4.1, A.5.1 and A.6.7:

*Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.*

In view of the present composition of the Board, the in-depth knowledge of the Chairman (who is also the Chief Executive Officer) of the Company’s operations and the garment and fashion industry in general, his extensive business network and connections, and the scope of operations of the Company, the Board believes that it is in the best interest of the Company for Dr. Lam Kin Ming to assume the roles of both the Chairman and the Chief Executive Officer.

*Under code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election.*

None of the existing non-executive Directors (“**NEDs**”) (including the independent non-executive Directors (“**INEDs**”)) is appointed for a specific term. However, all Directors are subject to the retirement provisions of the Articles of Association of the Company, which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company (“**Shareholders**”) and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting (“**AGM**”) of the Company and will then be eligible for re-election. Further, in line with the relevant code provision, each of the Directors appointed to fill a casual vacancy has been/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

*Under code provision A.5.1, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.*

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

## CORPORATE GOVERNANCE AND OTHER INFORMATION *(Continued)*

### Corporate Governance *(Continued)*

*Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.*

Due to other pre-arranged business commitments which must be attended to by Ms. Lam Suk Ying, Diana (NED), she was not present at the AGM of the Company held on 17 December 2012. The aforesaid Director was neither the chairman nor a member of any Board committee.

### Directors' Securities Transactions

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees ("**Securities Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2013 save for the following transactions entered into by Dr. Lam Kin Ming:

- (i) in about late September 2012, due to his wrong impression of the commencement of the black out period ("**Black Out Period**", i.e. the period of 60 days immediately preceding the publication date of the Company's annual results for the year ended 31 July 2012) during which the Directors were prohibited from dealing in the Shares under the Securities Code, he had disposed of an aggregate of 1,000,000 Shares in the Black Out Period without having first notified in writing and received a dated written acknowledgement from the designated Director (who was out of town) in accordance with the Securities Code; and
- (ii) he had notified the Stock Exchange in writing in early October 2012 of his inadvertent and unintentional non-compliance with the dealing and notification provisions of the Securities Code as mentioned above, and confirmed that he had not possessed or made use of any unpublished price-sensitive information of the Company and had no intention of not complying with the relevant provisions of the Model Code.

With a view to avoiding such recurrence, the Audit Committee of the Company ("**Audit Committee**") and the Board have reminded him of his obligations under the Securities Code and the Model Code.

In November 2012, the Stock Exchange concluded that he had not complied with Rules A.3(a)(i) and B.8 of Appendix 10 to the Listing Rules but informed him that it would not take formal disciplinary action in respect of the case after consideration.

**Directors' Interests**

The Directors and chief executive of the Company who held office on 31 January 2013 and their respective associates (as defined in the Listing Rules) had the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executive**"); or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Securities Code adopted by the Company:

**(1) The Company****Long positions in the Shares**

Name of Directors	Capacity	Personal Interests	Corporate Interests	Total Interests	Approximate
					Percentage of Total Interests to Total Issued Shares
Lam Kin Ming	Beneficial owner/ Owner of controlled corporation	2,874,000	472,200,000 (Note)	475,074,000	50.77%
Lam Wai Shan, Vanessa	Beneficial owner	2,827,500	Nil	2,827,500	0.30%

Note: Rich Promise Limited ("**RPL**") beneficially owned 472,200,000 Shares, representing approximately 50.46% of the issued share capital of the Company. Dr. Lam Kin Ming was deemed to be interested in the same 472,200,000 Shares by virtue of his 100% shareholding interest in RPL.

**(2) Associated Corporation****Rich Promise Limited — the parent and ultimate holding company of the Company****Long positions in the ordinary shares of US\$1.00 each**

Name of Director	Capacity	Personal Interests	Corporate Interests	Total Interests	Percentage of
					Total Interests to Total Issued Shares
Lam Kin Ming	Beneficial owner	1	Nil	1	100%

## CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

### Directors' Interests (Continued)

Save as disclosed above, as at 31 January 2013, none of the Directors or chief executive of the Company was interested or was deemed to be interested in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange or recorded in the Register of Directors and Chief Executive.

### Substantial Shareholders' and Other Persons' Interests

As at 31 January 2013, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or persons (one being a Director and the Chief Executive Officer of the Company) who/which had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept under Section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company ("**Voting Entitlements**") (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

#### Long positions in the Shares of the Company

Name	Capacity	Nature of Interests	Number of Shares	Approximate Percentage of Total Interests to Total Issued Shares
Rich Promise Limited ("RPL")	Beneficial owner	Corporate	472,200,000 (Note 1)	50.46%
Lam Kin Ming	Beneficial owner/ Owner of controlled corporation	Personal/ Corporate	475,074,000 (Notes 1 and 2)	50.77%

#### Notes:

1. Dr. Lam Kin Ming was deemed to be interested in the 472,200,000 Shares owned by RPL by virtue of his 100% shareholding interest in RPL.
2. Dr. Lam Kin Ming was personally interested in 2,874,000 Shares.

Save as disclosed above, the Directors are not aware of any other corporation or person who/which, as at 31 January 2013, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

**Purchase, Sale or Redemption of Listed Shares**

During the six months ended 31 January 2013, the Company did not redeem any of its Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

**Update on Directors' Information**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report for the year ended 31 July 2012 as informed by the following Directors are set out as follows:

- (1) Dr. Lam Kin Ngok, Peter:
- (i) stepped down as the chairman of the board of directors and an executive director of Lai Fung Holdings Limited on 1 November 2012;
  - (ii) has accepted the appointment as the chairman of the Hong Kong Tourism Board for 3 years from 1 April 2013 to 31 March 2016 and by virtue of such appointment will become an ex officio member of the Hong Kong Trade Development Council for the same period; and
  - (iii) was appointed a member of the 12th National Committee of the Chinese People's Political Consultative Conference on 1 February 2013 following completion of his previous term of membership.
- (2) Mr. Wan Yee Hwa, Edward retired as a non-executive director of each of Lai Sun Garment (International) Limited and Lai Sun Development Company Limited with effect from the conclusion of their respective AGMs held on 18 December 2012.
- (3) Mr. Lam Kin Hong, Matthew was appointed a council member of the Business Advisory Council of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) on 15 February 2013.

**Review by Audit Committee**

The Audit Committee currently comprises three members, namely Messrs. Leung Shu Yin, William, Yeung Sui Sang and Chow Bing Chiu, all being INEDs. Such committee has reviewed the interim report (containing the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2013.

**Appreciation**

On behalf of the Board, I would like to thank all members of the staff and management for their dedication and continuous support and look forward to sharing the prosperous future of Crocodile with them and all the Shareholders and customers.

By Order of the Board  
**Lam Kin Ming**  
*Chairman and Chief Executive Officer*

Hong Kong, 22 March 2013

